

# **Reporting of Employer Provided Health Care Coverage on Form W-2**

**The information contained in this presentation is current as of the date it was presented. It should not be considered official guidance**

# Webinar Agenda

- General Information
- When reporting is required
- Which employers are subject to reporting
- Transitional Relief
- Effects on Form W-2
- Coverage to include
- Amounts to include
- Where to go for more information

# Health Care Coverage on Form W-2

- Amounts continue to be not taxable just as in the past
- Value continues to be excludable from the employees income
- Is for **informational purposes only**
- Box 12 of the Form W-2, Code DD

# When to Include the Benefits

- Optional for all employers in 2011
- Mandatory for certain employers starting in 2012
- Transitional relief may apply to small employers in 2012

# Employers Subject to Reporting

- Employers who provide applicable coverage
- Includes federal, state and local entities
- Does not include coverage for military and their families
- Does not include recognized Indian tribal governments

# Transitional Relief

- Interim guidance in Notice 2011-28 provides temporary relief
- Lasts until IRS publishes further guidance
- Will apply, at a minimum, for 2012 Forms W-2 issued in 2013

# Transitional Relief Eligibility

- Filed fewer than 250 Forms W-2 for the prior year
- Forms W-2 to terminated employees who request Forms W-2 before the end of the year
- Not required, but can be included:
  - Multi-employer plans
  - Health Reimbursement Arrangements
  - Dental and vision plans not in another plan
  - Self-insured plans of employers not subject to COBRA continuation coverage or similar requirements

# Reporting on the Form W-2

- Code “DD” in Box 12
- No reporting on Form W-3
- Valuation reporting alone does not generate Form W-2
- Common paymaster responsibility
- Predecessor/Successor responsibility

# What to Report on the Form W-2

- Aggregate reportable cost of the coverage
- Any employer-sponsored coverage except
  - Archer Medical Savings Accounts
  - Health Savings Accounts
  - Salary reductions for flexible spending arrangements

# Exclusions

- Coverage for long-term care
- HIPAA “excepted benefits”
- Dental and vision coverage
- Specialized coverage if paid on an “after tax” basis

# **Amount to Report on Form W-2**

- Amounts paid by employer and employee
- Reporting does not impact coverage taxability

# Valuation Methods

- Methods of Valuation
  - Premium Charged Method
  - COBRA Applicable Premium Method
  - Modified COBRA Premium Method
- Composite Rates
- Cost changes during year

# Summary

- General Information
- When the reporting is required
- Which employers are subject to reporting
- Transitional Relief
- Effects on Form W-2
- What coverage to include
- What amounts to include
- Where to find more information

# More Information

ACA pages of IRS.gov

- Information on Provision 9002
- Frequently asked questions
- Notice 2010-69
- Notice 2011-28

# Audience Questions

